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October 17, 2014

VIA IZIS AND HAND DELIVERY

Zoning Commission for the
District of Columbia
441 4th Street, N.W., Suite 210S
Washington, DC 20001

Re: Zoning Commission Case No. 14-08
1441-1449 U Street, N.W. (Square 204, Lot 208)
Update on Project Financing

Dear Members of the Zoning Commission:

On behalf of Portner Place LLC, as Applicant in the above-referenced case, we hereby submit the attached letter from the District of Columbia Housing Finance Agency ("DCHFA" or "Agency") dated October 16, 2014. The DCHFA letter indicates that the Applicant's application for Tax Exempt Private Activity Bond financing under the Agency's Multifamily Mortgage Revenue Bond Program meets the selection requirements and will be advanced to the Board of Directors. The letter states that based on its current and projected bond volume cap for multifamily housing, DCHFA will be able to allocate tax exempt bonds in an amount sufficient to fund the projected debt. The final allocation of bond volume cap will depend on the final build-out, tenant mix, and resultant eligible basis of the project. DCHFA also notes that the project is consistent with the Agency's strategic objective of encouraging the development and preservation of affordable housing in sustainable, well located, mixed-income communities.

Thank you for your attention to this matter. We look forward to making a full presentation at the October 27, 2014, public hearing on this application.

Very truly yours,

By: ______________________
Norman M. Glasgow, Jr.
Jessica R. Bloomfield*

* Admitted to practice in Pennsylvania. Practicing in the District of Columbia pursuant to D.C. Court of Appeals Rule 49(c)(8).

Attachment

cc: Advisory Neighborhood Commission 1B (w/attachments, via U.S. Mail)
Jennifer Steingasser, D.C. Office of Planning (w/attachments, via e-mail)
Stephen Gyor, D.C. Office of Planning (w/attachments, via e-mail)

District of Columbia Housing Finance Agency
815 Florida Avenue, NW Washington, DC 20001-3017

October 16, 2014

Mr. James Campbell
Portner Development Partners, LLC
4115 Wisconsin Avenue, NW
Suite 210
Washington, DC 20016

Dear Ms. Hoof:

The District of Columbia Housing Finance Agency ("DCHFA" or the "Agency") received the Stage II Application for Multifamily Mortgage Revenue Bonds and 4% Low Income Housing Tax Credits submitted on September 9, 2014 by Portner Development Partners, LLC's (the "Developer"), a joint venture between Somerset Development Company and Jonathan Rose Companies for the Portner Flats project.

According to the application, the joint venture plans to redevelop the current site of the Portner Place apartments, located in the 1400 blocks of U and V Streets NW (the "Property"). As part of a proposed planned unit development (PUD), you will construct a building with two wings, one to accommodate 270 market rate apartments on U Street and another wing to accommodate 96 units of affordable housing facing V Street (the "Affordable Component"), which will double the current number of affordable units on site. Your redevelopment will preserve affordability for current residents, add new workforce and market rate housing and introduce neighborhood serving retail to the site. Your proposal is consistent with the Agency's strategic objective of encouraging the development and preservation of affordable housing in sustainable, well located, mixed income communities.

The staff of the D.C. Housing Finance Agency (DCHFA) has completed its preliminary review of the application for the above referenced project with respect to the Selection Criteria established for such applications. I am pleased to inform you that your application for Tax Exempt Private Activity Bond financing under our Multifamily Mortgage Revenue Bond Program has met the Selection requirements, and may be advanced to the Board of Directors for consideration of an Eligibility Resolution.

It is our understanding that your overall development and financing plan includes:

- Demolition of the existing site and construction of 96 units of affordable housing on U Street, doubling the amount of affordable housing on the site. The rents for all 96 units will be set at or below 60% AMI rent levels. Forty-eight of the units will be subject to the project based Section 8 contract at 50% of AMI or less. Additionally, 270 units of market rate housing will be built on the south side of the site fronting on U Street. The entire development will be complimented by neighborhood serving retail.

- Financing the $32.45 million total development cost of the Affordable Component with an allocation of tax exempt private activity bonds, approximately $15.9 million, LIHTC equity of approximately $9.01 million, developer equity of $4.6mm (land transfer payment), deferred development fee of $534,000 and a DHCD loan of $2.4 million.

The proposed redevelopment strategy is consistent with our strategic objective of preserving and creating affordable housing in the District of Columbia and providing such housing in mixed income neighborhoods. Based on our current and projected bond volume cap for multifamily housing, DCHFA will be able to allocate tax exempt bonds in an amount sufficient to fund the projected debt through our Multifamily Mortgage Revenue Bond Program. The final allocation of bond volume cap will depend on the final build out, tenant mix and the resultant eligible basis of the project.

Pursuant to our application process, your project has now been advanced to formal underwriting. We anticipate that your project will be presented to our board for inducement and an official allocation of Tax Exempt Mortgage Revenue Bonds and 4% Low Income Housing Tax Credits in late November or early December of this year. Anthony L. Waddell, Director, Public Finance, is your point of contact and can be reached at 202-777-1612 or via e-mail at awaddell@dchfa.org.

Please feel free to call me directly at 202-777-1604 if you have any questions regarding this correspondence.

Sincerely yours,

Maria K. Day-Marshall

Maria K. Day-Marshall
Interim Executive Director

cc: Executive Director's Office
Public Finance/Project Leads File